AUDIT OPINION OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF THE NIUTAO KAUPULE

AND THE FINANCIAL STATEMENTS OF THE NIUTAO KAUPULE FOR THE YEAR ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2022

Parliamentary Paper

Number:..............2024

OFFICE OF THE AUDITOR-GENERAL
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To the Honourable Members of the Tuvalu Parliament and the Ulu Aliki of Niutao

Niutao Kaupule Audit Opinion and Financial Statements for the Year Ended 31 December 2021 and 31 December 2022

Dear Members,

I have audited the Financial Statements and transactions of the Niutao Kaupule as required by Section 74 and 75 of the Falekaupule Act and Section 24 of the Audit Act.

This report includes the Independent Audit Report, which provides my opinion on the Niutao Kaupule's Financial Statements for the years ended 31 December 2021 and 31 December 2022, as well as the audited Financial Statements.

Additionally, my statutory report covering the years 2020, 2021, and 2022 is contained within this report, alongside the audit opinion. This report outlines the issues identified during the audits, along with corresponding recommendations for improvement. It also includes management's responses to the issues raised.

I have issued a qualified opinion on the Niutao Kaupule's Financial Statements for the years ended 31 December 2021 and 31 December 2022.

Further details surrounding the above is located in the Audit Opinion.

I would like to thank the Niutao Kaupule for their cooperation and support during the audit process.

Yours sincerely,

Imase Kaunatu
Auditor-General

Funafuti, Tuvalu
1/12/2024

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Independent Auditor's Report

Niutao Kaupule Financial Statements

Report on the Audit of the Financial Statements

Qualified Opinion

I have audited the accompanying Financial Statements of the Niutao Kaupule, which comprise of the following:

1. Statement of Receipts
2. Statement of Payments
3. Bank Statement of Ledger Balances

for the year ended 31 December 2021, and the notes to the financial statements.

In my opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* section of my report, the accompanying Financial Statements give a true and fair view of the financial performance of the Kaupule for the year then ended in accordance with the Falekaupule Act.

Basis for Qualified Opinion

The Niutao Kaupule closing cash balances in the financial statements were not able to be reconciled to the bank statement balances. The cash on hand balance reported in the financial statements was understated by $13,316.74 when compared to the bank account balance. The cash book when compared to the passbook balance was understated by $24,117.82. This has been recognised in the financial statements as a shortage.

This variance was due to some transaction not being included in the financial statements and transactions in the passbook also not being included in the financial statements. We were unable to obtain sufficient appropriate audit evidence surrounding the completeness of the Statement of Receipts and Payments, the Analysis of Surpluses, Deficit and the Bank Statement of Ledger Balances.

I have conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Government in accordance with the International Standards of Supreme Audit Institutions ISSAI 30, together with the ethical requirements that are relevant to my audit of the financial statements in Tuvalu, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the ISSAI 30, Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with section 71 of the Falekaupule Act and accompanying financial instructions, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Government's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Imase Kaunatu

Auditor-General

Funafuti, Tuvalu

1/12/2024

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Independent Auditor's Report

Niutao Kaupule Financial Statement

Report on the Audit of the Financial Statements

Qualified Opinion

I have audited the accompanying Financial Statements of the Niutao Kaupule, which comprise of the following:

1. Statement of Receipts
2. Statement of Expenditures
3. Bank Statement of Ledger Balances

for the year ended 31 December 2022, and the notes to the financial statements.

In my opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* section of my report, the accompanying Financial Statements give a true and fair view of the financial performance of the Kaupule for the year then ended in accordance with the Falekaupule Act.

Basis for Qualified Opinion

The Niutao Kaupule closing cash balances in the financial statements were not able to be reconciled to the bank statement balances. The cash on hand balance reported in the financial statements was understated by $17,015.05 when compared to the bank account balance. The cash book when compared to the passbook balance was overstated by $12,035.09.

This variance was due to some transaction not being included in the financial statements and transactions in the passbook also not being included in the financial statements. We were unable to obtain sufficient appropriate audit evidence surrounding the completeness of the Statement of Receipts and Payments, the Analysis of Surpluses, Deficit and the Bank Statement of Ledger Balances.

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Government in accordance with the International Standards of Supreme Audit Institutions ISSAI 30, together with the ethical requirements that are relevant to my audit of the financial statements in Tuvalu, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the ISSAI 30, Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with section 71 of the Falekaupule Act and accompanying financial instructions, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Government's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Imase Kaunatu

Auditor-General

Funafuti, Tuvalu

1/12/2024